

Message Text

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ACTION ARA-14

INFO OCT-01 ISO-00 FEA-01 ERDA-07 AID-05 CEA-01
CIAE-00 COME-00 DODE-00 EB-08 FPC-01 H-02 INR-07
INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-05 USIA-15
OES-07 SP-02 SS-15 STR-05 TRSE-00 ACDA-10 PA-02
PRS-01 /123 W

-----067698 130440Z /21

R 122358Z SEP 77

FM AMEMBASSY MEXICO

TO SECSTATE WASHDC 4926

INFO/ZEN/ALL USCONS MEXICO POUCH

UNCLAS MEXICO 15287

E.O. 11652: N/A

TAGS: ENRG, EALR, BENC, BEXP, MX

SUBJECT: JLP'S COMMENTS ON GAS PIPELINE IN THE ANNUAL
STATE OF THE UNION ADDRESS

"1. OUR CONSTITUTION RESERVES THE EXPLOITATION OF HYDRO-CARBONS TO THE NATION. OUR OBLIGATION IS TO SEE TO IT THAT THIS PROVISION WHICH HAS BEEN A SOURCE OF SUCH SUBSTANTIAL BENEFITS TO THE COUNTRY, IS KEPT PERMANENTLY IN FORCE.

2. WE HAVE DECIDED TO BUILD A GAS PIPELINE FROM CACTUS, CHIAPAS TO MONTERREY, WITH A BRANCH PIPELINE THAT VEERS INTO CHIHUAHUA, AND EVENTUALLY TO COMPLETE THE NETWORK WITH A PIPELINE TO THE CAPITAL AND ANOTHER BRANCH PIPELINE TO REYNOSA FOR EXPORTS TO THE AREAS NORTH OF THE BORDER.

3. UNACCUSTOMED AS WE ARE TO THE PROMISE OF BONANZA, THERE ARE THOSE WHO QUESTION THE WISDOM OF THIS PIPELINE EXPORTATION. IN THIS MATTER I WANT TO BE VERY PRECISE. WE HAVE THE GAS, WHICH ISSUES FROM OUR WELLS TOGETHER WITH PETROLEUM AS WE EXTRACT THE LATTER. WE CANNOT SEPARATE THE TWO WITHIN THE WELL ITSELF. THE SEPARATION TAKES
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PLACE OUTSIDE THE WELL, AND AT THAT POINT THE GAS MUST EITHER BE BURNT OFF OR USED, SINCE WE CANNOT STOP EXTRACTING THE PETROLEUM. THE GAS THAT COMES OUT IS SUFFICIENT TO COVER ALL OUR NEEDS, AND ANY FORESEEABLE INCREASES IN THEM, AND THERE IS STILL A GREAT DEAL LEFT OVER. THIS WE EITHER SELL OR BURN OFF. WE CAN SELL IT TO OUR CLOSEST CUSTOMER BY SENDING IT THROUGH A PIPELINE, WHICH WOULD

LOWER THE COST OF FINANCING THE PIPELINE TO SUPPLY OUR NORTHEASTERN STATES AND SAVE US THE EXORBITANT INVESTMENT COST INVOLVED IN SELLING IT IN METHANE TANKS, WHICH CALLS FOR LIQUEFYING THE GAS AT EXTREMELY LOW TEMPERATURES AND TRANSPORTING IT BY BOAT, WITH A CONSIDERABLE EXPENDITURE OF ENERGY AND COSTS MANY TIMES HIGHER THAN THOSE INVOLVED IN THE OTHER SOLUTION.

4. WE KNOW THAT THE RIGHT DECISION, THE BEST SOLUTION FOR US, IS TO SELL GAS BY PIPELINE. NOT TO DO SO SIMPLY BECAUSE THE BUYER IS OUR NEIGHBOR WOULD BE THE SIGN OF AN UNHEALTHY MENTALITY AND WOULD MEAN A USELESS SACRIFICE THE COUNTRY HAS NO REASON TO MAKE.

5. OVER THE PAST FORTY YEARS WE HAVE BUILT UP A STORE OF EXPERIENCE IN THE PETROLEUM FIELD THAT ENABLES US TO ENJOY CONSIDERABLE AUTONOMY IN OUR RELATIONS WITH OTHER NATIONS. WE HAVE NO NEED FOR RISK CAPITAL IN THE PETROLEUM AREA, NOR HAVE WE REQUESTED IT." LUCEY

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CONSTITUTION, PIPELINES, GAS RESERVES
Control Number: n/a
Copy: SINGLE
Sent Date: 12-Sep-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01-Jan-1960 12:00:00 am
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977MEXICO15287
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770330-1175
Format: TEL
From: MEXICO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770974/aaaackuh.tel
Line Count: 83
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 700a8648-c288-dd11-92da-001cc4696bcc
Office: ACTION ARA
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 22-Nov-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1309316
Secure: OPEN
Status: NATIVE
Subject: JLP\VS COMMENTS ON GAS PIPELINE IN THE ANNUAL STATE OF THE UNION ADDRESS \1. OUR CONSTITUTION RESERVES THE EXPLOITATION OF
TAGS: ENRG, EALR, BENC, BEXP, MX
To: STATE INFO/ZEN/ALL USCONS MEXICO POUCH
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/700a8648-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009